

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
and Philip D. Moller.

Westar Energy, Inc.

Docket No. ES02-51-001

ORDER TERMINATING REPORTING REQUIREMENTS

(Issued July 31, 2006)

1. In this order, the Commission will grant Westar Energy's, Inc.'s (Westar) request to terminate the reporting requirements imposed upon Westar by the Commission in this proceeding in a February 21, 2003 Order conditionally granting authorization to issue long-term unsecured debt and announcing new policy adopting conditions on securities authorizations.<sup>1</sup>

**Background**

2. On September 6, 2002, in Docket No. ES02-51-000, Westar submitted an application pursuant to section 204 of the Federal Power Act (FPA)<sup>2</sup> seeking authorization to issue long-term, unsecured debt securities in an amount not to exceed \$650 million at any one time.

3. In determining whether to grant Westar the requested authorization, the Commission assessed Westar's financial viability at the time of its filing. The Commission concluded that Westar's financial condition had deteriorated, in large part due to its non-utility business activities, but also recognized that, without the requested authorization to refinance soon-to-mature debt, Westar would face a liquidity crisis, ultimately harming the public interest.<sup>3</sup> The Commission further concluded that

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<sup>1</sup> See *Westar Energy, Inc.*, 102 FERC ¶ 61,186 (February 2003 Order), *authorization rescinded and policy clarification*, 104 FERC ¶ 61,018 (2003).

<sup>2</sup> 16 U.S.C. § 824c (2000).

<sup>3</sup> February 2003 Order, 102 FERC ¶ 61,186 at P 17.

authorization would give Westar, then a non-investment grade issuer, the flexibility necessary to refinance its debt securities with the most favorable terms.<sup>4</sup> However, in granting Westar authorization to issue debt, the Commission imposed four conditions. Of particular relevance here, the Commission required Westar to file quarterly informational status reports detailing its financial condition and debt reduction efforts within 30 days of the end of each calendar quarter.<sup>5</sup>

### **Westar's Filing in Docket No. ES02-51-001**

4. On April 24, 2006, as supplemented on May 16, 2006, Westar filed a motion to terminate the requirement to file quarterly informational status reports. Westar notes that it has filed quarterly reports as required by the February 2003 Order. Westar explains that, during this period, it implemented a Debt Reduction and Restructuring Plan approved by the Kansas Corporation Commission (Kansas Commission). Under that plan, Westar states that it has returned to its core business as a Kansas electric utility, and sold all holdings in non-utility business and its stock in ONEOK, Inc. Westar adds that the proceeds of those sales were used to reduce its debt. Westar also notes that its equity ratio has increased from approximately 21 percent as of December 31, 2002, to approximately 45 percent as of December 31, 2005. Finally, Westar notes that, on March 24, 2006, Fitch Investors Service (Fitch) raised its ratings on Westar's securities and its general credit rating to levels at or above minimum investment grade. According to Westar, this action indicates that Fitch deems Westar to now be an investment grade company. Westar further notes that it is authorized to represent that the Kansas Commission does not oppose the motion.

5. Westar also notes that Moody's Investor Services, Inc. (Moody's) has raised its ratings on Westar's securities and its general credit rating to levels at or above minimum investment grade. According to Westar, this action indicates that Moody's deems Westar to now be an investment grade company.

### **Discussion**

6. Our February 2003 Order imposed a reporting obligation, but did not address the conditions under which the reporting obligation would terminate. The Commission addressed a similar issue in an order dealing with a financing request filed by Aquila, Inc. (Aquila), requiring Aquila to file quarterly informational status reports detailing its financial condition and debt-reduction efforts until Aquila was deemed investment grade

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<sup>4</sup> *Id.* at P 14.

<sup>5</sup> *Id.* at P 19.

once again by at least one credit rating agency.<sup>6</sup> Here, both Fitch and Moody's have deemed Westar to be an investment grade company. In light of Fitch's and Moody's decisions to raise their ratings on Westar's securities and their general credit ratings for Westar to investment grade,<sup>7</sup> reflecting the improvement in Westar's financial condition described above, we will grant Westar's request to terminate its quarterly reporting obligation.

The Commission orders:

Westar's request to terminate quarterly informational status reports detailing its financial condition and debt reduction efforts is hereby granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.

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<sup>6</sup> See *Aquila, Inc.*, 107 FERC ¶ 61,044 (2004).

<sup>7</sup> See *id.*